

ORIGINAL

MEMORANDUM



0000096223

TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

EA for EGT

DATE: April 29, 2009

RE: IN THE MATTER OF THE APPLICATION OF PHONE1, INC. FOR APPROVAL TO CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR RESOLD INTEREXCHANGE TELECOMMUNICATIONS SERVICES AND ALTERNATIVE OPERATOR SERVICES (DOCKET NO. T-04297A-08-0584)

Attached is the Staff Report for the above referenced application. The applicant is applying for approval to cancel its Certificate of Convenience and Necessity ("CC&N") to provide the following services:

- Resold Interexchange Telecommunications Services
- Alternative Operator Services

Staff recommends cancellation of the CC&N.

EGJ:CA:tdp

Originator: Candrea Allen

Attachment: Original and Thirteen Copies

Arizona Corporation Commission
DOCKETED

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AZ CORP COMMISSION
DOCKET CONTROL

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SERVICE LIST FOR: Phone1, Inc.
DOCKET NO.: T-04297A-08-0584

Ms. Monique Byrnes
Technologies Management, Inc.
2600 Maitland Center Parkway, Suite 300
Maitland, Florida 32790-0200

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief Administrative Law Judge, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

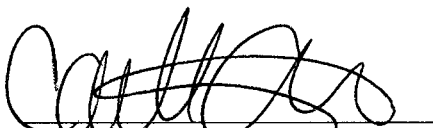
PHONE1, INC.
DOCKET NO. T-04297A-08-0584

IN THE MATTER OF THE APPLICATION OF PHONE1, INC. FOR APPROVAL TO
CANCEL ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR RESOLD
INTEREXCHANGE TELECOMMUNICATIONS SERVICES AND ALTERNATIVE
OPERATOR SERVICES

APRIL 29, 2009

STAFF ACKNOWLEDGEMENT

The Staff Report for the application of Phone1, Inc., Docket No. T-04297A-08-0584, for approval to cancel its Certificate of Convenience and Necessity to provide resold interexchange telecommunications services and alternative operator services was the responsibility of the staff member listed below. Candrea Allen was responsible for the review and analysis of the application.

A handwritten signature in black ink, appearing to read 'Candrea Allen', written over a horizontal line.

Candrea Allen
Public Utilities Analyst

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1. INTRODUCTION

On December 1, 2008, Phone1, Inc ("Phone1" or "Applicant") filed an application to cancel its Certificate of Convenience and Necessity ("CC&N") to provide resold interexchange telecommunications services and alternative operator services within the State of Arizona.

2. BACKGROUND

On July 18, 2005, the Commission, in Decision No. 67988, granted Phone1 a CC&N to provide resold interexchange telecommunications services and alternative operator services within the state of Arizona.

3. STAFF'S ANALYSIS

Phone1 filed its application to cancel its CC&N on December 1, 2008, stating that the company does not have presubscribed long distance service customers and that notification of the company's discontinuance was sent to its remaining Customer Owned Pay Telephone ("COPT") providers. A copy of the notice sent to customers was included in the application. The company ceased providing service as of December 15, 2008.

Staff's review of the Applicant's annual reports confirms that Phone1 has never provided long distance services within the state of Arizona. Phone1's revenues from alternative operator services have been below \$1,000 annually.

In Decision No. 67988, which granted Phone1 the authority to provide resold long distance services and alternative operator services, the Commission did not require the company to procure a performance bond. The Decision also ordered Phone1 to not collect advances, deposits, and/or prepayments. The Applicant confirmed that it has not collected advances, deposits, and/or prepayments via an email to Staff on February 20, 2009. Therefore, there is no risk that any advanced payments, deposits, and /or prepayments would be lost by canceling Phone1's CC&N. The company also stated in its responses to Staff's data requests that it does not have any employees in Arizona.

Consumer Services Staff has indicated that from January 1, 2005 to December 15, 2008, there have been no complaints, inquiries, or opinions filed for Phone1. The Corporations Division reports that Phone1 is in good standing. The Compliance Section indicated that there are currently no compliance delinquencies involving Phone1. Since there are numerous other carriers offering the same or similar services as Phone1 and Phone1 does not have any long distance service customers in Arizona and has properly notified its COPT customers in Arizona, Staff believes that approval of Phone1's request to cancel its CC&N is in the public interest.

4. RECOMMENDATIONS

Phone1 has complied with the requirements of Arizona Administrative Code R14-2-1107.A. Additionally, Phone1 is not providing resold telecommunications services to customers in Arizona, therefore Staff does not believe legal notice is needed and recommends a waiver of Arizona Administrative Code R14-2-1107.B. Upon cancellation of its CC&N, Phone1 will no longer be authorized to provide resold long distance services or alternative operator services in Arizona. Therefore, Phone1 will no longer be subject to the requirements of Decision No. 67988.

Staff recommends approval of Phone1's application to cancel its CC&N.